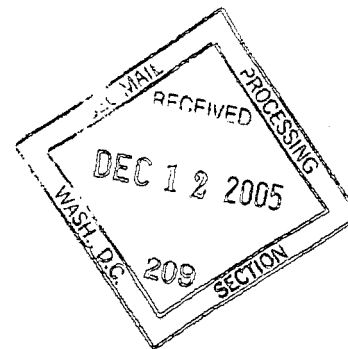




05013256

22 November 2005

Securities & Exchange Commission
Division of Corporate Finance
Room 3094 (3-G)
450 Fifth Street, N.W.
Washington, D.C. 20549



Dear Sirs

Re : Exemption No. 82-3342

Issuer : Lion Industries Corporation Berhad

SUPPL

We enclose herewith a copy of the Financial Results Announcement dated 21 November 2005, Re: Quarterly Report for the financial period ended 30 September 2005 for filing pursuant to exemption No. 82-3342 granted to Lion Industries Corporation Berhad under rule 12g3-2(b) of the Securities Exchange Act of 1934.

Please contact the undersigned if you have any queries.

Yours faithfully

LION INDUSTRIES CORPORATION BERHAD

WONG PHOOI LIN
Secretary

PROCESSED

DEC 14 2005

THOMSON
FINANCIAL

c.c. Ms Andres Estay

- The Bank of New York
ADR Department
101 Barclay St., 22nd Floor
New York
NY 10286

dlw 12/13



Form Version 2.0

Financial Results

Ownership transfer to LION INDUSTRIES CORPORATION/EDMS/KLSE on 21/11/2005 05:13:02 PM

Reference No LI-051121-2A0E7

Submitting Merchant Bank :
(if applicable)
Submitting Secretarial Firm Name :
(if applicable)
* Company name : LION INDUSTRIES CORPORATION BERHAD
* Stock name : LIONIND
* Stock code : 4235
* Contact person : WONG PHOOI LIN
* Designation : SECRETARY

Part A1 : QUARTERLY REPORT

* Quarterly report for the financial period ended : 30/09/2005 ¹⁶
* Quarter : ☒ 1 Qtr ☐ 2 Qtr ☐ 3 Qtr ☐ 4 Qtr ☐ Other
* Financial Year End : 30/06/2006 ¹⁶
* The figures : ☐ have been audited ☒ have not been audited

Please attach the full Quarterly Report here:

LICB-06Q1.xls

Remarks:

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
* 30/09/2005

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|--|---------------------------|---|
| | CURRENT YEAR QUARTER * | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE * | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/09/2005 ¹⁶ | 30/09/2004 ¹⁶ | 30/09/2005 ¹⁶ | 30/09/2004 ¹⁶ |
| | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 |

LION INDUSTRIES CORPORATION BERHAD (415-D)

Secretary

21 NOV 2005

| | | | | | |
|-----------|---|-------------------------------|-----------|---------------------------------------|-----------|
| 1 | Revenue | 734,515 | 1,084,060 | 734,515 | 1,084,060 |
| 2 | Profit/(loss) before tax | -27,423 | 276,858 | -27,423 | 276,858 |
| 3 | Profit/(loss) after tax and minority interest | -19,646 | 231,181 | -19,646 | 231,181 |
| 4 | Net profit/(loss) for the period | -19,646 | 231,181 | -19,646 | 231,181 |
| 5 | Basic earnings/(loss) per share (sen) | -2.82 | 34.04 | -2.82 | 34.04 |
| 6 | Dividend per share (sen) | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | |
| | | AS AT END OF CURRENT QUARTER* | | AS AT PRECEDING FINANCIAL YEAR END | |
| 7 | Net tangible assets per share (RM) | 2.7900 | | 2.8200 | |
| Remarks : | | | | | |

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : ADDITIONAL INFORMATION

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------------------------|--------------------------|--------------------------------------|--------------------------|-------------------------------------|
| | | CURRENT YEAR QUARTER* | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE* | PRECEDING YEAR CORRESPONDING PERIOD |
| | | 30/09/2005 ¹⁶ | 30/09/2004 ¹⁶ | 30/09/2005 ¹⁶ | 30/09/2004 ¹⁶ |
| | | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 | [dd/mm/yyyy] RM'000 |
| 1 | Profit/(Loss) from operations | -10,880 | 149,203 | -10,880 | 149,203 |
| 2 | Gross interest income | 6,554 | 5,194 | 6,554 | 5,194 |
| 3 | Gross interest expense | 38,617 | 37,691 | 38,617 | 37,691 |

Remarks :

Note: The above information is for the Exchange internal use only.

LION INDUSTRIES CORPORATION BERHAD (415-D)

Secretary

21 NOV 2005



LION INDUSTRIES CORPORATION BERHAD

(Incorporated in Malaysia)

(415-D)

**Interim Report for the
First Quarter Ended
30 September 2005**

| | |
|--|-------|
| Condensed Consolidated Income Statements | 1 |
| Condensed Consolidated Balance Sheets | 2 |
| Condensed Consolidated Statements of Changes in Equity | 3 |
| Condensed Consolidated Cash Flow Statements | 4 |
| Notes to the Condensed Financial Statements | 5 - 9 |

Interim report for the first quarter ended 30 September 2005
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | <u>Note</u> | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------|---|---|---|--|
| | | CURRENT YEAR QUARTER 30/9/2005 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/9/2004 RM'000 | CURRENT YEAR TO DATE 30/9/2005 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/9/2004 RM'000 |
| Revenue | | 734,515 | 1,084,060 | 734,515 | 1,084,060 |
| Operating expenses | | (753,632) | (934,890) | (753,632) | (934,890) |
| Other operating income | | 8,237 | 33 | 8,237 | 33 |
| Profit/(loss) from operations | | (10,880) | 149,203 | (10,880) | 149,203 |
| Finance costs | | (38,617) | (37,691) | (38,617) | (37,691) |
| Share in results of associated companies: | | | | | |
| - Gain on disposal of brewery operation | | - | 135,200 | - | 135,200 |
| - Other results | | 15,520 | 24,952 | 15,520 | 24,952 |
| Income from other investments | | 6,554 | 5,194 | 6,554 | 5,194 |
| Profit/(loss) before taxation | | (27,423) | 276,858 | (27,423) | 276,858 |
| Taxation | 17 | 5,715 | (42,398) | 5,715 | (42,398) |
| Profit/(loss) after taxation | | (21,708) | 234,460 | (21,708) | 234,460 |
| Minority interests | | 2,062 | (3,279) | 2,062 | (3,279) |
| Net profit/(loss) for the period | | (19,646) | 231,181 | (19,646) | 231,181 |
| Earnings/(loss) per share (sen): | 25 | | | | |
| - Basic | | (2.82) | 34.04 | (2.82) | 34.04 |
| - Fully diluted | | - | - | - | - |

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

Interim report for the first quarter ended 30 September 2005 (Cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>Note</u> | AS AT END OF CURRENT QUARTER 30/9/2005 RM'000 | AS AT PRECEDING FINANCIAL YEAR END 30/6/2005 RM'000 |
|------------------------------------|-------------|--|--|
| Property, plant and equipment | | 2,209,717 | 2,173,221 |
| Forest concessions | | 298,233 | 300,932 |
| Plantation development expenditure | | 147,509 | 146,859 |
| Land held for property development | | 54,222 | 54,215 |
| Investment in associated companies | | 488,196 | 479,221 |
| Long-term investments | | 244,621 | 242,328 |
| Deferred tax assets | | 33,419 | 33,419 |
| Intangible assets | | 308,191 | 313,154 |
| Current assets: | | | |
| - Inventories | | 1,182,279 | 1,067,748 |
| - Short-term investments | | 38,095 | 39,990 |
| - Property development costs | | 40,148 | 37,384 |
| - Amount due by contract customers | | 963 | 1,051 |
| - Trade receivables | | 497,787 | 519,291 |
| - Other receivables | | 331,906 | 291,374 |
| - Deposits, cash and bank balances | | 255,757 | 193,956 |
| | | <u>2,346,935</u> | <u>2,150,794</u> |
| Current liabilities: | | | |
| - Trade payables | | 513,056 | 470,707 |
| - Other payables | | 387,384 | 411,688 |
| - Amount due to contract customers | | 1,182 | 1,182 |
| - Short-term borrowings | 21 | 248,282 | 433,840 |
| - Bonds and USD Debts | 21 | 83,760 | 88,959 |
| - Tax liabilities | | 7,826 | 3,857 |
| | | <u>1,241,490</u> | <u>1,410,233</u> |
| Net current assets | | <u>1,105,445</u> | <u>740,561</u> |
| | | <u>4,889,553</u> | <u>4,483,910</u> |
| Share capital | | 697,056 | 697,056 |
| Reserves | | 1,553,563 | 1,580,932 |
| Shareholders' funds | | <u>2,250,619</u> | <u>2,277,988</u> |
| Minority interests | | 481,128 | 482,427 |
| Long-term borrowings | 21 | 1,658,748 | 1,206,182 |
| Bonds and USD Debts | 21 | 330,499 | 323,986 |
| Deferred tax liabilities | | 129,075 | 142,075 |
| Deferred payables | | 39,484 | 51,252 |
| | | <u>4,889,553</u> | <u>4,483,910</u> |
| Net tangible assets per share (RM) | | <u>2.79</u> | <u>2.82</u> |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

Interim report for the first quarter ended 30 September 2005 (Cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | <u>Note</u> | Share Capital RM'000 | Share Premium RM'000 | Negative Goodwill RM'000 | Other Reserves RM'000 | Accumulated Profit/(Loss) RM'000 | Total RM'000 |
|----------------------------------|-------------|----------------------------|----------------------------|--------------------------------|-----------------------------|--|------------------|
| <u>30 September 2005</u> | | | | | | | |
| Balance at 1 July 2005 | | 697,056 | 515,190 | 769,593 | 34,560 | 261,589 | 2,277,988 |
| Amortisation for the period | | - | - | (8,524) | - | - | (8,524) |
| Currency translation differences | | - | - | - | 801 | - | 801 |
| Net loss for the period | | - | - | - | - | (19,646) | (19,646) |
| Balance at 30 September 2005 | | <u>697,056</u> | <u>515,190</u> | <u>761,069</u> | <u>35,361</u> | <u>241,943</u> | <u>2,250,619</u> |
| <u>30 September 2004</u> | | | | | | | |
| Balance at 1 July 2004 | | 679,235 | 515,190 | 828,679 | 56,058 | (55,961) | 2,023,201 |
| Amortisation for the period | | - | - | (8,764) | - | - | (8,764) |
| Currency translation differences | | - | - | - | (1,107) | - | (1,107) |
| Net profit for the period | | - | - | - | - | 231,181 | 231,181 |
| Balance at 30 September 2004 | | <u>679,235</u> | <u>515,190</u> | <u>819,915</u> | <u>54,951</u> | <u>175,220</u> | <u>2,244,511</u> |

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

Interim report for the first quarter ended 30 September 2005 (Cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | CURRENT YEAR-TO-DATE 30/9/2005 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/9/2004 RM'000 |
|--|--|--|
| <u>Note</u> | | |
| <u>OPERATING ACTIVITIES</u> | | |
| Profit/(loss) before taxation | (27,423) | 276,858 |
| Adjustments for: | | |
| Non-cash items (mainly depreciation) | 25,411 | 31,993 |
| Non-operating items (mainly associates' results & finance costs) | 16,543 | (127,655) |
| Operating profit before changes in working capital | 14,531 | 181,196 |
| Changes in working capital: | | |
| Net changes in current assets | (128,462) | 12,474 |
| Net changes in current liabilities | 9,731 | (124,824) |
| Others (mainly tax paid) | (5,450) | (12,096) |
| | (109,650) | 56,750 |
| <u>INVESTING ACTIVITIES</u> | | |
| Proceeds from disposal of investments | 1,897 | - |
| Others (mainly purchase of property, plant and equipment) | (68,700) | (44,519) |
| | (66,803) | (44,519) |
| <u>FINANCING ACTIVITIES</u> | | |
| Issuance of debt securities | 500,000 | - |
| Bank borrowings | (232,541) | 2,968 |
| Redemption/repayment of Bonds and USD Debts | (4,860) | (1,886) |
| Others (mainly interest paid) | (4,378) | (3,423) |
| | 258,221 | (2,341) |
| Net changes in cash & cash equivalents | 81,768 | 9,890 |
| Effects of exchange rate changes | 445 | - |
| Cash & cash equivalents at beginning of the period | 94,586 | 197,125 |
| Cash & cash equivalents at end of the period | 176,799 | 207,015 |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

Interim report for the first quarter ended 30 September 2005 (Cont'd)

The figures have not been audited.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with the Financial Reporting Standards ("FRS") (formerly known as Malaysian Accounting Standards Board) 134, "Interim Financial Reporting" and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2005 except for the adoption of the new FRS standards.

The adoption of the new FRS standards does not have any material effect on the financial results of the Group for the financial year-to-date.

2. Qualification of audit report

There were no audit qualifications on audit report of the preceding audited financial statements.

3. Seasonality or cyclicity

The operations of the Group are not subjected to material seasonal or cyclical effects except for timber extraction which is normally reduced during the wet weather seasons between October and February.

4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

5. Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial years.

6. Debt and equity securities

During the financial year-to-date, the Group has issued RM500 million Bai' Bithaman Ajil Islamic debt securities and has redeemed/repaid part of its Bonds and USD Debts amounting to RM5 million.

Other than the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year-to-date.

7. Dividend paid

There was no dividend paid during the current quarter and financial year-to-date.

8. Segmental reporting

The Group's segmental report for the financial year-to-date is as follows:

| | REVENUE | | | Segment Results RM'000 |
|--|-----------------|-------------------------|--------------------|------------------------------|
| | Total RM'000 | Inter-Segment RM'000 | External RM'000 | |
| Steel | 603,736 | (4,163) | 599,573 | (14,328) |
| Timber extraction and pulp and paper | 66,879 | - | 66,879 | 3,094 |
| Building materials | 34,614 | - | 34,614 | 69 |
| Property and construction | 7,749 | - | 7,749 | 1,364 |
| Others | 25,700 | - | 25,700 | (149) |
| | 738,678 | (4,163) | 734,515 | (9,950) |
| Unallocated costs | | | | (930) |
| Loss from operations | | | | (10,880) |
| Finance costs | | | | (38,617) |
| Share in results of associated companies | | | | 15,520 |
| Income from other investments | | | | 6,554 |
| Loss before taxation | | | | (27,423) |

9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendment from the previous audited financial statements.

10. Material events subsequent to the balance sheet date

Other than as disclosed in Note 20, there were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial year-to-date.

12. Changes in contingent liabilities or contingent assets

The contingent liabilities or contingent assets of the Company's listed subsidiary, Lion Forest Industries Berhad ("Lion Forest") are reported in the Interim Report of Lion Forest.

Other than the above, there were no material changes in contingent liabilities or contingent assets since the last audited balance sheet date.

13. Review of performance

The Group reported a lower revenue of RM735 million and a loss before tax of RM27 million for the quarter under review. The unfavourable market condition for steel products both in the local and international markets have severely affected the Group's performance.

In addition, our hot briquetted iron ("HBI") operation which has been the Group's main contributor in the past two years, also posted lower results following the substantial increase in the price of iron ore and the planned maintenance shutdown in the current quarter.

14. Comparison with the preceding quarter's results

| | Current Year Quarter 30/9/2005 RM'000 | Preceding Year Corresponding Quarter 30/9/2004 RM'000 | Immediate Preceding Quarter 30/6/2005 RM'000 |
|--|---|---|--|
| Net profit/(loss) for the period ("Earnings/(Loss)") | (19,646) | 231,181 | (12,704) |
| Less : Non-recurring items: | | | |
| - Gain on disposal of brewery operation | - | (135,200) | - |
| - Loss on tender exercise | - | - | 47,044 |
| Operating Earnings/(Loss) | (19,646) | 95,981 | 34,340 |
| Operating Earnings/(Loss) per share (sen) | (2.82) | 14.13 | 4.93 |

After excluding the non-recurring gain/loss, the Group posted lower operating results as compared to the previous year corresponding quarter as well as immediate preceding quarter. The Group's core steel business is experiencing extremely soft demand and weak international selling prices. Coupled with the lower contribution from our HBI operation and the weak market condition for timber products, a loss was registered by the Group.

15. Prospects

The performance of our steel operations for the next quarter will to a large extent depend on domestic construction activities and the impact of raw material prices, in particular international scrap prices. Meanwhile, the Group has taken various measures to reduce production costs and increase productivity to mitigate the adverse impact of such fluctuations.

For our timber operation, the Group will continue to pursue operational efficiency in order to improve its performance. Our associate's retail business is expected to perform better in view of the forthcoming festive seasons.

16. Profit forecast / profit guarantee

This note is not applicable.

17. Taxation

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------------|---|---|---|--|
| | CURRENT YEAR QUARTER 30/9/2005 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/9/2004 RM'000 | CURRENT YEAR TO DATE 30/9/2005 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30/9/2004 RM'000 |
| In respect of current period: | | | | |
| - income tax | 1,939 | 13,518 | 1,939 | 13,518 |
| - deferred tax | (13,000) | 19,732 | (13,000) | 19,732 |
| | (11,061) | 33,250 | (11,061) | 33,250 |
| Associated companies | 5,346 | 9,148 | 5,346 | 9,148 |
| | (5,715) | 42,398 | (5,715) | 42,398 |

The taxation (deferred tax assets) of the Group for the current quarter and financial year-to-date reflect effective tax rate which is lower than the statutory tax rate of 28% mainly due to certain expenses which are not deductible for tax purposes.

18. Unquoted investments and/or properties

There were no material sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

19. Quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

The Group's investments in quoted securities (excluding investment in associated company) as at end of the reporting period are as follows:

| | RM'000 |
|-----------------|--------|
| At cost | 65,938 |
| At book value | 22,938 |
| At market value | 11,161 |

20. Status of corporate proposals

The status of corporate proposals of the Company's listed subsidiary, Lion Forest is reported in the Interim Report of Lion Forest.

Other than the above, there were no corporate proposals at the date of this report.

21. Group's borrowings and debt securities

The Group's borrowings as at end of the reporting period are as follows:

| | Short-Term RM'000 | Long-Term RM'000 | Total RM'000 |
|----------------------------|----------------------|---------------------|-----------------|
| <u>Bank Borrowings</u> | | | |
| Secured | 233,404 | 1,657,268 | 1,890,672 |
| Unsecured | 14,878 | 1,480 | 16,358 |
| | 248,282 | 1,658,748 | 1,907,030 |
| <u>Bonds and USD Debts</u> | | | |
| Secured | 83,760 | 330,499 | 414,259 |
| | 332,042 | 1,989,247 | 2,321,289 |

| | Foreign Currency '000 | RM'000 |
|--|--------------------------|-----------|
| The Group's borrowings and debt securities are denominated in the following currencies: | | |
| - Ringgit Malaysia | - | 1,598,528 |
| - US Dollar | 192,428 | 722,761 |
| | | 2,321,289 |

22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk at the date of this report.

23. Changes in material litigations

The material litigations of the Company's listed subsidiary, Lion Forest, are reported in the Interim Report of Lion Forest.

Other than the above, there were no material litigations since the last annual balance sheet date.

24. Dividend

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2005.

25. Earnings/(loss) per share ("EPS")

Basic

EPS is calculated by dividing the Group's net profit/(loss) for the period by the weighted average number of ordinary shares in issue of 697.1 million for the current quarter and financial year-to-date (2004 : 679.2 million).

Fully diluted

The fully diluted EPS of 2005 is not disclosed as the exercise period for the Company's ESOS had lapsed on 14 May 2005.

The fully diluted EPS of 2004 is not disclosed as the unissued ordinary shares granted to employees pursuant to the Company's ESOS have no dilutive effect since the exercise price is above the average market value of the Company's shares.

26. Status of conditions imposed by the Securities Commission ("SC") pertaining to the GWRS

The SC has imposed certain conditions in its approval of the group wide restructuring scheme ("GWRS") which included the requirements to disclose the status of the Proposed Divestment Programme (Please refer to Appendix attached).